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UNCLAS SECTION 01 OF 02 MUSCAT 000541

SIPDIS

SENSITIVE

DEPT FOR NEA/ARPI(TROBERTS), DRL/IL(JDEMARIA),
USTR/JBUNTIN, USTR/ROSENBERG, DOL/JSHEA, DOL/ALEVINE

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SUBJECT: OMANIZATION: JOB CREATION, NOT REPLACEMENT

REF: A. MUSCAT 534

[B](#). MUSCAT 142

[C](#). 04 MUSCAT 1527

SUMMARY

[1](#)1. (SBU) During labor consultations with Deputy Under Secretary for Labor Arnold Levine, the Ministry of Manpower

SIPDIS

(MOM) reaffirmed its position that Omanization will not come at the expense of performance and productivity. In clarifying the practical aspects of Omanization, MOM officials reminded DUS Levine that Omanization is actually a quite dynamic process in which Omani and expatriate companies work together to determine appropriate targets of localized employment. (NOTE: Omanization targets to do not apply to senior management. END NOTE.) Moreover, through this effective immigration policy, Oman is able to maintain the integrity of its expatriate workforce as well as increase educational and employment opportunities for qualified Omanis.

[1](#)2. (SBU) While Omanization continues to be the backbone of human resource development, calendar year 2004 actually resulted in a 5.9 percent increase of expatriates employed in the private sector compared to a modest 1.5 percent growth for Omanis. Work ethics, minimum wage levels, and education and training remain serious domestic challenges in the practical application of Omanization. Despite the government's emphasis on Omanization, the Sultanate continues to rely heavily on expatriate labor, 90 percent of which is from India, Bangladesh, Pakistan, the Philippines, and Sri Lanka. End summary.

OMANIZATION AND IMMIGRATION

[1](#)3. (SBU) In the course of four days of labor consultations that began on March 14 at the Ministry of Manpower (MOM), Deputy Under Secretary for Labor Arnold Levine (ref A), learned about Oman's commitment to Omanization. But, according to Manpower Minister Juma bin Ali bin Juma, "Replacement of expatriate employees will not be at the expense of performance and productivity."

[1](#)4. (SBU) The MOM has continued to stress the dynamic nature of Omanization, urging DUS Levine and other officials to consider this a flexible process in which both the private sector and government cooperate to create sector targets. Currently, targets of Omanization are set according to recommendations by Omani and expatriate companies who sit on sector committees. These committees determine appropriate Omanization percentages based on negotiations, availability of trained Omanis in various fields, and a given sector's need for expatriate labor.

[1](#)5. (SBU) The MOM emphasized flexibility in meeting target Omanization rates. If a company cannot meet the target for its sector, for instance, it may appeal to the MOM to negotiate its employment needs, Omani and expatriate. The MOM cited the example of Shangri La Hotels. Unable to meet its initial 60 percent Omanization target, the company appealed to MOM for assistance and subsequently negotiated a reduced target of 40 percent with a long-term plan to meet the 60 percent goal. The MOM seeks to localize labor, yet, as with the case of the Shangri La Hotels, maintain enough flexibility in meeting the demands and needs for employment of expatriates in the private sector (ref B).

[1](#)6. (SBU) According to some officials at the MOM, Omanization is not job replacement, but an effective immigration policy to maintain the integrity of the expatriate workforce while better meeting the needs of its rapidly expanding population of job-seeking youth. In recent audits conducted by the MOM, officials discovered that over 48 percent of registered

expatriates in the private sector who occupy jobs requiring a university degree in fact do not have a high school diploma. The MOM argues that while Oman is open to inviting specialized expatriate professionals with the appropriate qualifications, it seeks to fill unskilled jobs with Omanis. Moreover, although Omanization continues to be the backbone of human resource development, calendar year 2004 actually resulted in a 5.9 percent increase of expatriates employed in the private sector.

LABOR STATISTICS

17. (SBU) According to the latest statistics released by the MOM, approximately 37 percent of Omanis employed in the workforce were working in the private sector (an annual growth of 1.5 percent), and 63 percent were employed in the public sector. These figures represent a 50 percent increase for both sectors in just under ten years. Oman's employment database, the Public Authority for Social Insurance, tallied over 87,000 Omanis registered for employment by the end of 2004. In a statement to the Omani parliament March 27, Manpower Minister Juma elucidated on this figure, saying that "30 percent of job-seekers are not serious, rather they just register their names with the MOM but do not follow-up or interview for jobs." He claimed that of the 48,710 newly-registered job seekers in 2004, the MOM located an astounding 36,928 jobs.

OMANIZATION TARGETS BY SECTOR

18. (SBU) The Omani government has fixed the following targets for Omanization by 2007: 90 percent for banking and finance (currently 91.8 percent); 70 percent for oil and gas (currently 67 percent); 30 percent for contracting (currently 22.5 percent); 50 percent for all jobs in the automotive sector; 25 percent for jobs in information technology; 95 percent for marine services; 95 percent in travel and tourism in the next five years; and 30 percent for academic staff over the next ten years (ref C).

19. (SBU) In addition to targeted Omanization in several sectors, foreign nationals may not be employed as technical assistants, guards, heavy vehicle drivers, agricultural workers, forklift or mixer operators, or public relations officers unless the employer can show that there are no Omanis available for the positions. Moreover, recent regulations stipulate that only Omanis can be involved in the sale of incense, incense burners, halwa (a traditional dessert), and khanjars (traditional decorative daggers). Vegetable and fruit sales, as well as the sale and repairing of mobile phones, are also being Omanized in various wilayats.

10. (SBU) In what appears to be a favorable development for expatriate businesses and labor, the MOM has recently introduced a new simplified visa process. The new program, the Distinguished Transactions Card, will allow reputable companies to have their expatriate visa applications cleared more easily and faster.

COMMENT

11. (SBU) Omanization is at the forefront of Oman's domestic economic agenda as it continues to grapple with education, job creation, and immigration concerns. Omanization, while aiming to achieve job creation for Omanis, has more importantly served as a catalyst for educational modernization and development. With over 60 percent of the population under the age of 20, of which only a small fraction have the opportunity to attend vocational or university education, creating not just jobs but educational opportunities remains the most pressing domestic challenge. Echoing the need for training and education, one expatriate businessman said, "If the Sultanate didn't have an Omanization program, this country wouldn't move forward."

BALTIMORE